

Message Text

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ORIGIN EB-07

INFO OCT-01 ARA-06 ISO-00 AGR-05 COME-00 AID-05 PA-01

PRS-01 USIA-06 TRSE-00 OMB-01 CIEP-01 /034 R

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USDA:BKMEEKER

USDA:WFDobbins

USDA:GOFASER

USDA:JMINYARD

USDA:GOODMAN/HUME

ARA/BR:JSLATTERY

FAS/FMD:LANKFORD

----- 078059

R 180004Z JAN 75

FM SECSTATE WASHDC

TO AMEMBASSY BRASILIA

INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

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E.O. 11652:N/A

TAGS: EAGR, BR

SUBJECT: SOYBEANS

REF: (A) BRASILYA 9590; (B) BRASILIA 0294

1. USDA INFORMS THAT MR. HUME'S SPEECH ON DECEMBER 16 BEFORE IOWA SOYBEAN ASSOCIATION WAS IN NO WAY AN ATTEMPT TO INFLUENCE PRICES BUT RATHER TO PRAISE AMERICAN SOYBEAN ASSOCIATION EFFECTIVE MARKET DEVELOPMENT EFFORTS AND PRESENT MORE UP-TO-DATE INFORMATION TO U.S. SOYBEAN PRODUCERS AND OTHER INTERESTED PARTIES ON WORLD SUPPLY AND DEMAND PROSPECTS.

2. WE BELIEVE PUBLIC REBUTTAL MIGHT BE COUNTERPRODUCTIVE. HOWEVER, FOLLOWING POINTS PROVIDED FOR EMBASSY'S INFORMATION
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TION AND USE, AS APPROPRIATE, IN CONVERSATIONS WITH GOB

OFFICIALS: USDA INFORMS BIONDI ARTICLE INCORRECT IN CHARGING OR IMPLYING THAT THE U.S. STATISTICAL REPORTING PROCEDURE DESIGNED TO CREATE MARKET CONDITIONS FAVORABLE TO US PRODUCERS AND/OR DELIBERATELY DESIGNED TO PREJUDICE FOREIGN MARKETINGS OF OILSEEDS OR PRODUCTS. STATISTICAL REPORTING SERVICE PROCEDURES HAVE BEEN DEVELOPED OVER AN EXTENDED PERIOD OF TIME, HAVE EARNED THE RESPECT OF MAJOR PRODUCING COUNTRIES, AND HAD BEEN EMULATED BY A LARGE NUMBER OF AGRICULTURAL PRODUCERS. THESE PROCEDURES INCLUDE CROP ASSESSMENTS, ON A COUNTY LEVEL REPORTED TO A CENTRAL OFFICE, AND IN NO WAY INFLUENCED BY WORLD MARKET FACTORS. FURTHER, AS SUCH CROP FORECASTS COVER A WIDE VARIETY OF AGRICULTURAL COMMODITIES AT ANY GIVEN TIME, IMPLICATION IN ARTICLE THAT SUCH DATA ARE TAILORED TO COMPLEMENT ANY SPECIFIC COMMODITY SITUATION IS UNREALISTIC.

3. RE PARA 3, REF (A), PATTERN OF USDA 1974 SOYBEAN CROP FORECASTS DOES NOT OFFER MUCH SUPPORT TO BIONDI ALLEGATION THAT USDA PUBLISHES CONSERVATIVE ESTIMATE WHEN HARVEST ABOUT TO COME ON MARKET. AUGUST 12 FORECAST OF 1.314 BILL. BUSHEL TURNED OUT TO BE HIGHER, NOT LOWER, THAN ACTUAL HARVEST WHICH WAS ESTIMATED IN DECEMBER TO HAVE BEEN 1.244 BILLION BUSHEL. IN FACT, FINAL ESTIMATE DUE THIS MONTH IS EXPECTED BY TRADE TO BE EVEN LOWER. UNFORESEEABLE ADVERSE WEATHER CONDITIONS AND THE LOWEST AVERAGE YIELDS IN 10 YEARS, NOT DISTORTIONS IN FORECASTING, CAUSED USDA'S FORECASTS DURING FIRST HALF OF 1974 TO PROVE TOO HIGH.

4. USDA DISAPPOINTED THAT SUCH ALLEGATIONS BEING MADE IN PROMINENT PUBLICATION BUT PLEASED THAT THERE IS NO EVIDENCE THAT THE GOB ASSOCIATED WITH THESE CHARGES. IN INTERNATIONAL FORA (E.G., FAO), THE GOB HAS RECOGNIZED THE ROLE THE U.S. HAS PLAYED IN DIRECTLY ASSISTING THE ESTABLISHMENT OF BRAZILIAN SOYBEAN PRODUCTION. OTHER US EFFORTS, GOVERNMENT AND PRIVATE, HAVE INDIRECTLY BENEFITTED BRAZIL SOYBEAN INDUSTRY. EXAMPLES INCLUDE NEGOTIATING FOR DUTY FREE ACCESS OF SOYBEANS IN THE EC FROM WHICH BRAZIL AS AN MFN COUNTRY HAS BENEFITTED, TWO DECADES OF MARKET DEVELOPMENT ACTIVITIES DESIGNED TO EX-

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PAND FOREIGN CONSUMPTION OF SOYBEANS AND PRODUCTS, AND INTERNATIONAL CONFERENCES, MOST RECENTLY 1973 PROTEIN CONFERENCE IN MUNICH (SPONSORED BY AMERICAN SOYBEAN ASSOCIATION AND ATTENDED BY AGRICULTURE SECRETARY BUTZ), WHICH WAS DESIGNED TO FURTHER CONSUMPTION OF SOYBEAN PRODUCTS.

5. WE WILL RESPOND TO REF (B) IN NEAR FUTURE. KISSINGER

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